

**CERTIFICATE OF NEED EVALUATION OF THE APPLICATION SUBMITTED ON
BEHALF OF HOSPICE OF KITSAP COUNTY PROPOSING TO ESTABLISH A 15-
BED HOSPICE CARE CENTER TO SERVE THE RESIDENTS OF KITSAP COUNTY**

PROJECT DESCRIPTION

Hospice of Kitsap County is a not-for-profit entity that has been providing hospice services to the residents of Kitsap County and surrounding areas since approximately 1980. Hospice of Kitsap County (HKC) is Medicare certified and is located at 3100 Bucklin Hill Road, #201 in the city of Silverdale, within Kitsap County. [source: Application, p4 and CN historical files]

With this application, HKC proposes to establish a new 15-bed hospice care center to be located within space at an existing nursing home known as Belmont Terrace. Belmont Terrace is currently located at 560 Lebo Boulevard in the city of Bremerton, also within Kitsap County. HKC would lease from Belmont Terrace a 15-bed fully self-contained unit that is currently licensed as a boarding home. The Belmont Terrace boarding home is 10,100 gross square feet and would require some modifications to meet all construction and licensure standards for a hospice care center. [source: Application, p4 and Exhibit 3]

Generally, the services provided at a hospice care center are the same services provided through a hospice agency. The main difference between a hospice care center and a hospice agency is where the patient receives the services. In the case of a hospice agency, hospice services are provided in the patient's home or current residence. For hospice care centers, the hospice services are provided in the care center rather than in the patient's home. Services to be provided at the hospice care center include symptom and pain management to terminally ill patients, as well as emotional, spiritual, and bereavement support for the patient and the patient's family. [source: Application, project description, and CN historical files]

The capital expenditure estimated for this project is \$851,637, of which 52% is associated with tenant improvements; 32% is associated with equipment (both fixed and moveable); 8% is associated with fees & permits; and the remaining 8% is associated with state sales tax. [source: Application, p29]

The source for the \$851,637 funding is a combination of community fundraising, foundation grants, and in-kind contributions. If this project is approved, HKC intends to begin fundraising for the care center immediately. HKC indicates that the actual raising of funds for the care center has not yet begun; however, HKC has already received a pledge in the amount of \$100,000. [source: February 13, 2006, supplemental information, p3]

HKC intends to begin preliminary work on the project immediately after CN approval, and continue working towards completion simultaneously with its fundraising efforts. Under this timeline, tenant improvements would begin approximately June 2007, and the new 15-bed care center would become operational December 2007. [source: Application p19]

APPLICABILITY OF CERTIFICATE OF NEED LAW

This project is subject to Certificate of Need review as the construction, development, or other establishment of a new health care facility under the provisions of Revised Code of Washington (RCW) 70.38.105(4)(a) and Washington Administrative Code (WAC) 246-310-020(1)(a).

APPLICATION CHRONOLOGY

October 26, 2005	Letter of Intent Submitted
November 30, 2005	Application Submitted
December 1, 2005, through February 21, 2006	Department's Pre-Review Activities <ul style="list-style-type: none">• 1st screening activities and responses
February 22 2006	Department Begins Review of the Application <ul style="list-style-type: none">• Public comments received throughout the review• No public hearing requested or conducted
March 29, 2006	End of Public Comment
April 13, 2006	Rebuttal Documents Submitted to Department ¹
May 30, 2006	Department's Anticipated Decision Date
May 12, 2006	Department's Actual Decision Date

CONCURRENT REVIEW AND AFFECTED PARTIES

As directed under WAC 246-310-295(3), the department accepted this project under the hospice care center concurrent review cycle. No other hospice care center applications were submitted for Kitsap County during the 2005 concurrent review cycle. In accordance with WAC 246-310-295(5), when applications initially submitted under a concurrent review cycle are deemed not to be competing, the department has converted the review to the regular review process. Therefore, this application was converted to a regular review.

Throughout the review of this project, no entities sought or received affected person status under WAC 246-310-010.

SOURCE INFORMATION REVIEWED

- Hospice of Kitsap County's Certificate of Need Application received November 30, 2005
- Hospice of Kitsap County's supplemental information dated February 13, 2006
- Population data obtained from the Office Financial Management based on year 2000 census published January 2002.
- Licensing and/or survey data provided by the Department of Health Office of Health Care Survey
- Certificate of Need Historical files

¹ Given that no comments were provided during the review of this project, HKC did not provide rebuttal comments.

CRITERIA EVALUATION

To obtain Certificate of Need approval, the applicant must demonstrate compliance with the criteria found in WAC 246-310-210 (need); 246-310-220 (financial feasibility); 246-310-230 (structure and process of care); 246-310-240 (cost containment); and 246-310-295 (hospice care center standards).²

CONCLUSION

For the reasons stated in this evaluation and agreement to the following terms, the application submitted by Hospice of Kitsap County proposing to establish a new, 15-bed hospice care center within space at Belmont Terrace located at 560 Lebo Boulevard in the city of Bremerton, within Kitsap County is consistent with applicable criteria of the Certificate of Need Program. Once Hospice of Kitsap County provides to the department written agreement with the following terms, a Certificate of Need for the project will be issued.

TERMS

1. Prior to commencement of the project, Hospice of Kitsap County must provide to the department for review and approval a copy of the executed Lease Agreement between itself and Belmont Terrace for the site. The executed agreement must be consistent with the draft agreement provided in the application.
2. Prior to providing hospice care center services, Hospice of Kitsap County must provide to the department for review and approval a copy of the executed Ancillary Services Agreement between itself and Belmont Terrace. The executed agreement must be consistent with the documents/references related to ancillary services to be provided by Belmont Terrace within the application.

The approved capital expenditure associated with the establishment of a new, 15-bed hospice care center in Kitsap County is \$851,637.

² Each criterion contains certain sub-criteria. The following sub-criteria are not discussed in this evaluation because they are not relevant to this project: WAC 246-310-210(3), (4), (5), and (6).

A.Need (WAC 246-310-210)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the criteria in WAC 246-310-210 (need) and WAC 246-310-295 (hospice care center standards) are met.

- (1) *The population served or to be served has need for the project and other services and facilities of the type proposed are not or will not be sufficiently available or accessible to meet that need.*

The department uses the methodology found in WAC 246-310-295 in determining need for a hospice care center within a planning area. The six-step methodology is used to demonstrate that an existing hospice's patient base is sufficient to support a hospice care center by using existing use rates for hospice services, average number of resident deaths by planning area (county) for the most recent three years, and the projected population of the planning area.

The applicant applied the six-step methodology outlined in WAC 246-310-295 and provided documentation to demonstrate that HKC's existing patient base is sufficient to support a hospice care center. Using the required minimum occupancy rate of 65%, the applicant projected a patient base that could support 31 hospice care center beds. [source: February 13, 2006, supplemental information, Attachment 5] WAC 246-310-295 limits the number of beds in a hospice care center to 20; this application requests approval for 15 beds. [source: Application, p9]

The department also applied the methodology, evaluated the assumptions provided by the applicant, and determined that the applicant's projections are reasonable, and the documentation effectively demonstrates the potential patient base for the proposed hospice care center.

Additionally, WAC 246-310-295(8) sets forth minimum occupancy requirements and requires a demonstration of maintaining the minimum occupancy rate at the hospice care center. HKC provided documentation to demonstrate its ability to meet these occupancy requirements. [source: Application, p28]

WAC 246-310-295(9)(a) requires no more than 49% of the hospice agency's patient care days, in the aggregate on a biennial basis, can be projected to be provided in the hospice care center. HKC provided documentation to demonstrate its ability to meet this standard. [source: Application, p28]

HKC is the only provider of Medicare certified in-home hospice services serving Kitsap County; the nearest hospice care center is operated by Franciscan Health System/Franciscan Hospice and is located in the city of University Place, within Pierce County. [source: CN historical files] The availability of a hospice care center in Kitsap County would allow reasonable access to the services for HKC patients and would promote continuity of care for those patients requiring hospice care center services. Further, approval of this project would not affect the availability of the current in-home hospice services provided by any of the in-home hospice agencies serving adjacent counties.

Based on the information provided in the application, the department concludes that the population to be served has a need for a hospice care center in Kitsap County, and this sub-criterion is met.

- (2) All residents of the service area, including low-income persons, racial and ethnic minorities, women, handicapped persons, and other underserved groups and the elderly are likely to have adequate access to the proposed health service or services.

As previously stated, HKC is an existing Medicare certified hospice agency and has been providing hospice services to Kitsap County residents since at least 1980. To demonstrate compliance with this sub-criterion, HKC provided a copy of its existing admission and charity care policies that would be used at the new hospice care center.

The Admission Policy provides the overall guiding principles of the facility as to the types of patients that are appropriate candidates to use the facility, and any assurances regarding access. Further, HKC's existing Admission Policy demonstrates that patients are admitted for treatment without regard to age, race, color, religion, sex, national origin, handicap, or sexual preference and will be treated with respect and dignity. [source: Application, Exhibit 6]

The Charity Care Policy confirms that all residents of the service area including low-income, racial and ethnic minorities, handicapped and other underserved groups currently have access to hospice services through HKC. The policy also includes the process one must use to access charity care at HKC. [source: Application, Exhibit 5]

To determine whether low income residents would have access to HKC's hospice care center, the department uses the facility's Medicaid eligibility or contracting with Medicaid as the measure to make that determination. HKC is currently Medicare certified and Medicaid eligible; further documents provided in the application demonstrate that the hospice care center would also establish the appropriate relationships with both Medicare and Medicaid. [source: Application, p23]

The department concludes that approval of this project would not negatively affect the access to the hospice services provided through the agency, and the proposed in center hospice services would be available to all residents of the service area. This sub-criterion is met.

B. Financial Feasibility (WAC 246-310-220)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the financial feasibility criteria in WAC 246-310-220 are met.

- (1) The immediate and long-range capital and operating costs of the project can be met.

As previously stated, the capital expenditure associated with establishing this 15-bed hospice care center is \$851,637 and would be funded through a combination of community fundraising efforts, grants/donations, and in-kind contributions. [source: February 13, 2006, supplemental information, p3] If this project is approved, HKC expects to begin fundraising efforts immediately and continue to work toward completion of the project simultaneously with its fundraising. HKC plans to begin tenant improvements at Belmont Terrace

approximately June 2007 and the facility would become operational December 2007. Under this timeline, the first full calendar year of operation for the 15-bed hospice care center would be year 2008. HKC projected the number of hospice patients it would serve in the first three full years of operation, which is summarized in Table I below. [source: February 13, 2006, supplemental information, Attachment 2]

Table I
Hospice of Kitsap County Hospice Care Center Projected Revenue and Expenses

	Full Yr. 2008	Full Yr. 2009	Full Yr. 2010
Total Number of Beds	15	15	15
Total Patient Days	2,053	4,106	4,106
Total Number of Patients	59	117	117
Project Percentage of Utilization	38%	75%	75%
Total Net Revenue*	\$ 666,000	\$ 1,330,000	\$ 1,330,000
Total Expenses	\$ 819,854	\$ 1,226,444	\$ 1,230,644
Net Profit or (Loss)	(\$ 153,854)	\$ 103,556	\$ 99,356
Total Revenue/Patient Day	\$ 324.40	\$ 323.92	\$ 323.92
Total Expense/Patient Day	\$ 399.34	\$ 298.70	\$ 299.72
Net Profit/Patient Day	(\$ 74.94)	\$ 25.22	\$ 24.20

*Includes deductions for bad debt, charity care, and contractual allowances

As shown in Table I above, with deductions for both bad debt and charity care, the 15-bed hospice care center would operate at a loss in its first full year of operation (2008); by the end of the care center's second full year of operation, the loss becomes a profit, and maintains a profit through the end of year three (2010).

Within the application, HKC states that it intends to lease the space for the care center from Belmont Terrace, an existing nursing home located in the city of Bremerton. While the lease agreement has not yet been finalized, HKC provided a letter outlining the specifics of the lease agreement and a copy of the draft agreement between itself and Belmont Terrace. The draft lease agreement commits to a ten year lease, with an option to renew for two, 3-year terms. The draft identifies lease costs of \$12,000/month for year one; \$14,000/month for year two; and a 2.5% annual increase in lease payments beginning in year three and each year thereafter. Both HKC and Belmont Terrace provided documentation to demonstrate a commitment to finalize the draft lease upon Certificate of Need approval of the project, or no later than September 30, 2006. [source: February 13, 2006, supplemental information, Attachment 4] To ensure that the terms of the final lease agreement would be consistent with documentation represented within the application, if this project is approved, the department would attach a term to the approval requiring HKC to provide a copy of the executed lease agreement between itself and Belmont Terrace for the site.

Based on the information above, the department concludes that the immediate and long-range operating costs of this portion of the project can be met, and this sub-criterion is met.

(2) The costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services.

As stated above, HKC anticipates a capital cost of \$851,637 to establish the 15-bed hospice care center within space at Belmont Terrace. Funding for the project is a combination of community fundraising efforts, grants/donations, and in-kind contributions. [source: February 13, 2006, supplemental information, p3] If this project is approved, HKC expects to begin fundraising efforts immediately and continue to work toward completion of the project simultaneously with its fundraising. HKC states that its funding sources would be considered the most prudent approach because it would have no impact on the cost and charges for health services. Further, HKC's board has spent several years evaluating the feasibility of establishing this hospice care center in the county, resulting in a proposal that would meet expectations and efforts of the community members. Partnering with Belmont Terrace has further resulted in a relatively low capital investment and effective use of existing. [source: Application, p20] The cost per visit for the hospice care center was compared to those of recent hospice care center projects reviewed by the department to determine the possible impact on the costs to the patient and community.

Based on this review, the department concludes that the cost of the project will not result in an unreasonable impact on the costs and charges for health services within the service area. This sub-criterion is met.

(3) The project can be appropriately financed.

The estimated capital expenditure for establishing a new 15-bed hospice care center is \$851,637. Of that amount, 52% (\$445,000) is related to construction; 32% (\$268,262) is related to fixed and moveable equipment; 8% (\$70,000) is related to fees and permits; and the remaining 8% (\$68,375) is related to state sales tax. [source: Application, p29]

The project will be funded through a combination of community fundraising efforts, grants/donations, and in-kind contributions. [source: February 13, 2006, supplemental information, p3] HKC indicates that the actual raising of funds for the care center has not yet begun; however, HKC has already received a pledge in the amount of \$100,000. [source: February 13, 2006, supplemental information, p3]

HKC does not expect any difficulties in raising the funds needed to establish the care center because of the pre-application work undertaken by HKC regarding community input. Before submitting this application, HKC conducted an informal community evaluation to determine whether there would be community support for a hospice care center within the county. The Kitsap County community, especially community members that have already used HKC home hospice services, expressed a strong interest in a hospice care center. Further, HKC solicited community input related to the potential location (either Bremerton or Silverdale) and a freestanding care center versus a care center within an existing healthcare facility. HKC received support and community direction before submission of this application, which incorporates suggestions derived from the community input. [source: Application, pp42-43; February 13, 2006, supplemental information, pp2-4]

Within the application, HKC provided contingency plans for funding if any portion of the dollars is not obtained through fundraising efforts. One of the contingency plans is that HKC would fund the dollars not obtained through fundraising with HKC's capital reserves. [source: February 13, 2006, supplemental information, pp2-3] A review of HKC's historical financial information shows the funds necessary to finance the entire project are available if needed. [source: Application, February 13, 2006, Attachment 7]

Based the information provided within the application, the department concludes that the proposed financing is appropriate for the project, and this sub-criterion is met.

C. Structure and Process (Quality) of Care (WAC 246-310-230)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the structure and process (quality) of care criteria in WAC 246-310-230 are met.

- (1) A sufficient supply of qualified staff for the project, including both health personnel and management personnel, are available or can be recruited.

HKC indicates that based on projected patient census, the new 15-bed hospice care center would be fully staffed upon opening in year one (2008) and would not require any increase in staff for years two and three. [source: Application, p36] The proposed FTEs for year 2008 are shown in Table II below.

Table II
Hospice of Kitsap County Proposed FTEs for Year One - 2008

Type of Personnel	Years 2008 - 2010
Registered Nurses	4.2
Certified Nurses Aides	12.6
Medical Social Worker Bereavement	1.0
Manager	1.0
Other ³	4.2
Total FTEs	23.0

As shown in Table II above, HKC anticipates a total of 23 FTEs would be needed to operate the 15-bed hospice care center in the first three years of operation. In addition to the staffing listed in Table II, HKC provided a comprehensive plan to recruit needed staff and/or expand work hours of existing hospice staff if requested. To meet the hospice care center standards under WAC 246-335⁴, HKC provided documentation to demonstrate it would have at least two staff available--one RN and one CNA--24 hours per day, 7 days per week. Further, the pharmacist would be available 24 hours per day to provide medications, supplies, and on-site consultation. [source: February 13, 2006, supplemental information, 7-8] Based on the available information, the department concludes that staffing for the hospice care center would be available.

³ Other includes medical director, pharmacy, and chaplain services.

⁴ In Home Services Law Book

HKC currently employs two physicians that act as medical director for the hospice agency--Dennis Willerford, MD and Malcom Winter, MD. Both physicians have agreed to extend their medical director positions to the hospice care center. Given that Drs. Willerford and Winter are employees of HKC, a medical director agreement for the services is not established; rather, the two medical directors provide the medical directorship through a job description. Further, all costs associated with the employed medical directors are substantiated within the pro forma financials within the application. [source: Application, p5]

Based on the information provided in the application, the department concludes that sufficient staff is available for the hospice care center, and this sub-criterion is met.

- (2) *The proposed service(s) will have an appropriate relationship, including organizational relationship, to ancillary and support services, and ancillary and support services will be sufficient to support any health services included in the proposed project.*

HKC has been providing in-home hospice services to the residents of Kitsap County through its existing hospice agency since approximately 1980. Hospice care centers provide patients and their families with an alternative when the patient's symptoms or family circumstances necessitate hospice care in a setting other than the patient's residence. If this project is approved, HKC expects its hospice patients would continue have access to the least restrictive level of hospice care in a home-like environment at a new site.

HKC has well-established relationships with ancillary and support services in place for its hospice agency. Within the application, HKC states that ancillary and support services will be provided by Belmont Terrace or through HKC's existing community hospice program. HKC further states that ancillary and support services would be provided to hospice patients regardless of whether the patient receives hospice services through the agency or the care center. [source: Application, p37-38; February 13, 2006, supplemental information, pp8-9]

For the hospice care center, HKC intends to purchase some support services, such as laundry services, nutritional services, waste handling, housekeeping, maintenance and security, from Belmont Terrace. Draft ancillary agreements have not yet been established for this project. [source: February 13, 2006, supplemental information, pp8-9] If this project is approved, the department would attach a term to the approval requiring the applicant to provide a copy of the executed agreement for all ancillary and support services to be provided by Belmont Terrace.

Based on the information provided in the application and the applicant's agreement to the terms on page 3 of this evaluation, the department concludes that appropriate relationships with ancillary and support services have been, or will be, established for the hospice care center, and this sub-criterion is met.

- (3) *There is reasonable assurance that the project will be in conformance with applicable state licensing requirements and, if the applicant is or plans to be certified under the Medicaid or Medicare program, with the applicable conditions of participation related to those programs.*

As stated in the project description portion of this evaluation, HKC provides Medicare and Medicaid hospice services through its existing Medicare certified agency. Within the most recent five years, the Department of Health's Office of Health Care Survey (OHCS), which surveys hospice agencies within Washington State, completed one compliance survey for HKC.⁵ The survey revealed minor non-compliance issues typical for the hospice agency, and HKC submitted plans of correction for the non-compliance issues. [source: Compliance survey data provided by Office of Health Care Survey]

HKC currently employs two physicians that act as medical director for the hospice agency--Dennis Willerford, MD and Malcom Winter, MD. Both physicians have agreed to extend their medical director positions to the hospice care center. [source: Application, p5] To ensure compliance with this sub-criterion, the department reviewed the compliance history for both Drs. Willerford and Winter with the Department of Health's Medical Quality Assurance Commission. That review resulted in no recorded sanctions for either physician. [source: compliance history provided by Medical Quality Assurance Commission]

Given that this project is not expected to become operational until December 2007, HKC has not yet recruited the staff required for a licensed hospice care center under WAC 246-335-155 and WAC 246-335-175. Additionally, HKC has not yet developed job descriptions for the staff. HKC provided a comprehensive plan to recruit staff within six months of the care center becoming operational. [source: Application, pp37-38; February 13, 2006, supplemental information, pp7-8]

Based on the information provided in the application, the department concludes there is reasonable assurance that HKC would operate the new, 15-bed hospice care center in conformance with applicable state and federal licensing and certification requirements. This sub-criterion is met.

- (4) *The proposed project will promote continuity in the provision of health care, not result in an unwarranted fragmentation of services, and have an appropriate relationship to the service area's existing health care system.*

HKC states that continuity in the provision of health care would be accomplished by establishment of the 15-bed hospice care center because it is the least restrictive and intensive level of service available for end-of-life care. Currently, HKC is unable to care for all patients that request to be cared for in a hospice care center. In the early stages of planning this project, HKC met with community focus groups with over 25 community leaders, referring agencies, and families. The focus group expressed strong support of a hospice care center, and many families indicated that would have used a hospice care center during their hospice experience if one had been available. Further, the focus group expressed strong support of locating the hospice care center in either Bremerton or Silverdale. [source: Application p38]

⁵ Survey conducted--2003.

To further demonstrate compliance with this sub-criterion, HKC provided a listing of health care providers with which HKC maintains working relationships. [source: Application, Exhibit 11]

Based on the above information, there is reasonable assurance that approval of a new, 15-bed hospice care center will not negatively affect the relationships in place with the existing health care providers in the service area. Further, approval of this project would continue to promote continuity in the provision of healthcare for the residents of Kitsap County. This sub-criterion is met.

- (5) *There is reasonable assurance that the services to be provided through the proposed project will be provided in a manner that ensures safe and adequate care to the public to be served and in accord with applicable federal and state laws, rules, and regulations.*

This sub-criterion is addressed in sub-section (3) above and is considered met.

D. Cost Containment (WAC 246-310-240)

Based on the source information reviewed and the applicant's agreement to the terms outlined on page 3 of this evaluation, the department determines that the cost containment criteria in WAC 246-310-240 are met.

- (1) *Superior alternatives, in terms of cost, efficiency, or effectiveness, are not available or practicable.*

Before submitting this application, HKC considered and rejected the two options. [source: Application, pp42-43] Below is a summary of HKC's evaluation related to each option.

Status quo or do nothing

HKC evaluated demographics within the county, including population growth, cancer mortality rates, and the number of hospice patient days. This data confirms the continued need for hospice services within Kitsap County. Further, HKC conducted an informal community evaluation to determine whether there would be community support for a hospice care center within the county. The Kitsap County community, especially community members that have already used HKC home hospice services, expressed a strong interest in a hospice care center. HKC management brought the concept of a hospice care center to the HKC board, and both entities agreed that the establishment of a hospice care center in Kitsap County was necessary. Therefore, the option to do nothing was rejected.

Build a Freestanding Hospice Care Center

Once HKC elected to establish a hospice care center, this option was initially the first choice. This option would delay the opening of a hospice care center by at least two years. Further, establishment of a new freestanding care center would require significantly more dollars than the project under review. Community members that expressed support of a hospice care center also expressed support of HKC's using existing resources to establish a hospice care center. Initially, two facilities expressed interest in "hosting" the hospice care center, and ultimately, HKC chose to locate the center within space at Belmont Terrace in

Bremerton. The option of building a freestanding hospice care center was rejected in favor of moving forward with the project under review.

Given that the closest hospice care center is located in Pierce County and HKC's historical hospice data demonstrates sufficient patient base to support a hospice care center, the department recognizes that the establishment of hospice care center in Kitsap County is reasonable.

Further, the department acknowledges HKC's efforts to determine whether conversion of an existing building or construction of a new building would be the best option to meet the hospice care center need within the community. Based on data provided in the application, the department concurs with HKC regarding the conversion of existing space within Belmont Terrace.

Finally, the department's review also concludes this project meets the criteria of need, financial feasibility, and structure and process of care. The department concludes that this project is the best available alternative for the community; this sub-criterion is met.

(2) In the case of a project involving construction:

(a) The costs, scope, and methods of construction and energy conservation are reasonable;

As stated in the project description portion of this evaluation, this project involves the modification of existing boarding home space within Belmont Terrace. Under the timeline provided in the application, HKC proposes to submit drawings to the department's Construction Review Unit approximately October 2006. Further, HKC intends to meet all necessary requirements for the establishment of the hospice care center. [source: Application, p19] This sub-criterion is met.

(b) The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.

This sub-criterion is evaluated within the financial feasibility criterion under WAC 246-310-220(2) and is considered met.